

## **SOCIAL SECTOR REFORM ACTIVITY**

### **LABOR MARKET REFORM**

Prepared by Aguirre International for USAID/ENI/DGSR/HRDSR

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## **BASIC ISSUES IN LABOR MARKET REFORM**

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January, 1999*

## **BASIC ISSUES IN LABOR MARKET REFORM**

### **I. Background and Introduction**

The term labor market generally refers to the exchange of labor: workers sell their skills and labor to businesses that need workers with those skills and abilities. Under the Communist system, this labor market exchange was distorted as governments strove to employ all workers regardless of their skills or the needs of the organizations employing them. Full employment was a stated objective of the Communist governments, and whether workers had low pay and not much work to perform, most people were employed in some fashion (unemployment existed but was not acknowledged).

The transition from planned economies to market economies has resulted in high unemployment throughout the countries of CEE and the NIS. As governments move to make their agencies more efficient, redundant workers in many industries are laid off. In addition, growing industries (such as tourism) require skills that many workers do not have, frustrating unemployed workers' efforts to find work.

Labor market reforms are underway in many countries of CEE and the NIS to decrease unemployment and help workers acquire skills that the emerging business sector needs. Reforms include:

- development of government employment services offices that provide training in needed skills and help match unemployed workers with jobs;
- provision of job skills training to workers in particularly hard-hit industries, such as coal-mining;
- development of business incubators that provide support to entrepreneurs starting their own businesses;
- establishment of labor-management relations programs; and
- establishment of unemployment benefit systems (one of the few social benefits not provided by Communist governments).

## II. Selected Statistics

**Table 1: Employment Statistics in Central and Eastern Europe**

Country	Change in Employment 1989-1995	Unemployment in 1995	State Sector Employment in 1994
Bulgaria	-30%	14%	65%
Croatia	-12%	13%	55%
Czech Republic	-10%	3%	50%
FYRMacedonia	-26%	na	na
Hungary	-27%	11%	na
Poland	-14%	16%	40%
Romania	2%	9%	46%
Slovakia	-15%	16%	60%
Slovenia	-22%	15%	80%

*Source:* Labor Markets in Transition in Central and Eastern Europe: 1989-1995, Christine Allison and Dean Ringold, World Bank Technical Paper No. 352.

## **USAID LABOR MARKET REFORM ACTIVITIES**

*Submitted By:  
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## USAID LABOR MARKET REFORM ACTIVITIES

COUNTRY	ACTIVITY
Albania	USAID has provided training for entrepreneurs and business professionals.
Armenia	<p>USAID's activities have included assistance to small and medium-sized enterprises and training for government officials, labor union leaders, and others involved in labor market reform. In addition, USAID funds Counterpart International, Eurasia, and ISAR which provide grants to Armenian organizations. Some of these organizations are involved in employment-generating enterprises. (Examples: Shans, Ltd. received a grant from Eurasia to create a job placement center in Yerevan. The Armenian Public Fund for Defense from Unemployment received a Eurasia grant to publish a weekly newspaper focusing on effective labor market functioning, unemployment reduction, and increasing public awareness of unemployment problems.)</p>
Bosnia	USAID has a labor market reform program in Bosnia (the Mission does not prepare R2s, so there are no details on the program).
Bulgaria	<p>In addition to the programs described below, USAID has provided training to government officials, labor union leaders, and others involved in labor market reform.</p> <p><b>Employment Services</b>            USAID, through agreements with the U.S. Department of Labor (USDOL), has helped establish a national employment service. USDOL helped the government of Bulgaria establish model labor offices; these offices conduct job skills training, provide employment counseling, and conduct employer outreach.</p> <p><b>Social Welfare to Employment and Work Literacy Training</b>            USDOL's services to ethnic minorities have focused on two programs: Social Welfare to Employment (SWEP) and Work Literacy Training. Ethnic minorities in Bulgaria have high unemployment rates (more than 50 percent of the Turkish minority and 80 percent of Gypsies are unemployed). SWEP attempts to address the problem of long-term welfare dependency among ethnic minorities by providing job skills training and job placement. SWEP has been successful in reducing unemployment payments to the ethnic population through employment in government work programs. Work Literacy Training provides literacy training in language and mathematics, vocational training, and job placement.</p> <p><b>Quick Start</b>            A project begun in 1997 by USDOL, the Quick Start program, provides retraining to workers in collaboration with local training centers and businesses (see Hungary for more information).</p> <p><b>Community Development</b>            USAID is planning a new program in 1998 to help municipalities address economic development on a regional basis through economic growth, job creation,</p>

COUNTRY	ACTIVITY
	<p>and worker retraining. This project integrates USAID's local governance initiative with USDOL labor reform projects in Bulgaria.</p> <p><b>Small and Medium-sized Enterprises</b> USAID provides assistance to SMEs through CARESBAC-SEAF funding.</p> <p><b>American Center for International Labor Studies</b> Through ACILS, USAID has provided training and technical assistance to labor unions.</p>
Croatia	USAID has provided assistance to small and medium-sized enterprises, training and technical assistance to labor unions, and training for entrepreneurs and managers.
Georgia	<p>USAID's labor assistance includes 1) small agribusiness strengthening project, 2) agricultural income generation kits for displaced farmers and other income generation kits for displaced persons, 3) small business development program, 4) microenterprise lending program, 5) farmers' credit union program, 6) small business center, 7) job creation for disabled persons, and 8) microenterprise craft program.</p> <p>In addition, USAID funds Counterpart International, Eurasia, and ISAR which provide grants to Georgian organizations. Some of these organizations are involved in employment-generating enterprises.</p>
Hungary	<p>In addition to the programs described below, USAID has provided training to government officials, labor union leaders, and others involved in labor market reform and assistance to small and medium-sized enterprises.</p> <p><b>Quick Start Labor Market Intervention Program</b> Quick Start focuses on cooperation between private companies, regional centers for development and retraining, and local labor offices to encourage economic development and provide job opportunities. Training is job-specific — companies identify their own training needs and agree to hire trainees who complete the training and are deemed suitable for employment.</p> <p><b>Rapid Response</b> This program responds to layoffs before they occur by helping targeted workers find jobs by providing counseling and training in job search skills.</p> <p><b>Labor Management Relations</b> This program helped Hungary design and implement a nation-wide labor-management system using nonadversarial dispute resolution techniques.</p> <p><b>Local Economic Development</b> The Local Economic Development program helps local communities organize a series of workshops to identify their economic development needs, prioritize a list of development projects, and then implement those projects to create new jobs or</p>



COUNTRY	ACTIVITY
	retain existing ones.
Kazakhstan	<p>In addition to the programs described below, USAID has provided training to government officials, labor union leaders, and others involved in labor market reform.</p> <p>USAID and the Soros Foundation funded the Kazakhstan Community Loan Fund (KCLF), a microenterprise program managed by ACDI/VOCA. The KCLF targets women and is based on peer lending (small groups of 5 to 10 small business owners form a loan group and review requests for credit).</p> <p>A new program, the Central Asian American Enterprise Fund, is funded and implemented by Mercy Corps.</p> <p>The Commercial Law Reform Project has provided comments on the Kazakh government's draft labor law (the law, similar to the previous Soviet law, was not consistent with the needs of a market economy).</p> <p>USAID also funds Counterpart International, Eurasia, and ISAR (Institute for Social Action and Renewal in Eurasia) which provide grants to Kazakh non-profit organizations. Some of these organizations are involved in employment-generating enterprises. (Example: The Design Gallery received a Counterpart grant to train unemployed women to work with disabled children to produce artwork to be displayed in the gallery.)</p>
Kyrgyzstan	<p>In addition to the programs described below, USAID has provided training to government officials, labor union leaders, and others involved in labor market reform.</p> <p>USAID funds a Mercy Corps microlending program and a FINCA village banking program (the FINCA program has 2,599 members, 84 percent of which are women).</p> <p>USAID also funds Counterpart International, Eurasia, and ISAR which provide grants to Kyrgyz non-profit organizations. Some of these organizations are involved in employment-generating enterprises. (Example: Aid to Artisans has helped establish the Talent Support Fund for Kyrgyz artists — the fund has received and filled orders from U.S. art shows and importers, providing sustained employment for artists.)</p>
Macedonia	<p>USAID has provided training to government officials, labor union leaders, and others involved in labor market reform. USAID also has a micro-lending program through which, in 1996, 50 enterprises received loans providing employment opportunities through self-employment. Other USAID programs include assistance to small and medium-sized enterprises and basic skills training for women through its gender issues program.</p>
Poland	<p>In addition to the programs described below, USAID has provided training to government officials, labor union leaders, and others involved in labor market</p>

COUNTRY	ACTIVITY
	<p>reform.</p> <p><b>Employment Services</b>  USDOL assessed Poland's employment services, arranged technical assistance and study trips for employment services officials, developed procedures for model employment centers, and facilitated nationwide institutionalization of procedures and systems. These reforms also included establishing a system of employment counseling.</p> <p><b>Mass Layoff Response</b>  A new project begun in 1996 addresses the problem of high unemployment among women in Gdansk. The Reemployment Advisory Center for Women will be a model center developed in cooperation with the Polish chapter of the International Association of Personnel in Employment Security. The center will provide women in Gdansk with social services to help them find secure employment.</p> <p><b>Displaced Workers</b>  This activity focuses on the expected mass layoffs of miners and allied trades in the coal mining sector, centered in Upper Silesia. Local labor offices will team up with unions, business, and local government to prepare employees and businesses for downsizing, and to help expand or stimulate new economic activity in Silesia to absorb redundant workers.</p> <p><b>Retraining and Youth Training</b>  DOL's retraining projects included the establishment of several training centers.</p> <ul style="list-style-type: none"> <li>• Construction Crafts Skills Training Centers. Project partners included DOL, AFL-CIO, Solidarity, and Poland's Ministry of Labor and Social Policy. Centers prepared skilled masons, roofers, carpenters, welders, plumbers, and other construction subspecialists.</li> <li>• Lodz White-Collar Skills Training Center. The Center provides training including secretarial and administrative skills, management, typing, bookkeeping, computer use, communication skills, stress management, basic English, and how to start a business. Solidarity and the AFL-CIO teamed up to start the center.</li> </ul> <p><b>Labor-Management Relations</b>  USDOL provided training and technical assistance to public and private Polish institutions, including labor unions and associations, the Polish government, and private enterprises in collective bargaining, dispute resolution, and cooperative approaches to quality improvements.</p>

COUNTRY	ACTIVITY
Romania	<p>In addition to the programs described below, USAID has provided training to government officials, labor union leaders, and others involved in labor market reform. USAID has also provided assistance to microenterprises and entrepreneurs.</p> <p><b>Employment Adjustment Service</b> USDOL assisted in the design and implementation of an Employment Adjustment Service to help the government deal with workers displaced due to economic restructuring.</p> <p><b>Labor Market Information</b> USDOL helped Romania improve its use of labor market information by designing and helping to analyze several labor surveys; improving staff capacity to design, conduct, and analyze labor surveys; and recommending policy changes.</p> <p>USAID, USDOL, and the World Bank are currently collaborating on a labor market redeployment project. The project will include counseling and training designed to increase labor mobility and a rapid response program that works with labor and management of companies undergoing privatization.</p>
Russia	<p>USAID has provided training to government officials, labor union leaders, and others involved in labor market reform. USAID's labor programs include 1) support to build a network of business support centers providing services to entrepreneurs and new businesses, 2) support to NGOs to develop small business assistance activities, 3) conference on women entrepreneurs and small businesses.</p> <p>USAID also funds Counterpart International and Eurasia which provide grants to Russian government and non-profit organizations. Some of these organizations are involved in employment-generating enterprises. (Example: Arseniev City Administration received a grant to establish an employment information center which will provide youth with information on higher education, employment opportunities, and the activities of regional non-profit organizations.)</p>
Tajikistan	<p>USAID funds a small loan program for farmers and a project to establish private farmers. USAID also funds Counterpart International, Eurasia, and ISAR which provide grants to Tajik non-profit organizations. Some of these organizations are involved in employment-generating enterprises. (Example: The Association of Blind People is producing special brushes for use on cotton farms, creating 30 jobs for blind people.)</p>
Turkmenistan	<p>USAID funds Counterpart International, Eurasia, and ISAR which provide grants to Turkmen non-profit organizations. Some of these organizations are involved in employment-generating enterprises.</p>

COUNTRY	ACTIVITY
Ukraine	<p>In addition to the programs described below, USAID has provided training to government officials, labor union leaders, and others involved in labor market reform.</p> <p>USAID, through its contractor Financial Management International, is assisting the Government of Ukraine to:</p> <ol style="list-style-type: none"> <li>1) improve data collection on employment and unemployment;</li> <li>2) create a labor market information database on available and prospective jobs;</li> <li>3) improve the unemployment insurance delivery system; and</li> <li>4) assess and improve job search and skill assessment programs.</li> </ol> <p>Other labor reform programs include support for small business privatization, support for small and medium-sized enterprises, and microcredit programs.</p>
Uzbekistan	<p>USAID funds Counterpart International, Eurasia, and ISAR which provide grants to Uzbek non-profit organizations. Some of these organizations are involved in employment-generating enterprises. (Example: Goodwill Industries has 2 retail stores in Tashkent and provides technical assistance in retailing and job training for people with disabilities.)</p>

**ENCOURAGING ENTREPRENEURIALISM:  
FOCUS ON WOMEN, YOUTH, AND FAMILY BUSINESSES**

*Submitted By:  
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January, 1999*

## **ENCOURAGING ENTREPRENEURIALISM: FOCUS ON WOMEN, YOUTH, AND FAMILY BUSINESSES**

The Foundation for Small Enterprise Development (SEED), a non-profit organization in Budapest, was established in 1990 by a coalition of Hungarian government ministries, non-profit organizations, and businesses. SEED's mission is to promote the development of small and medium sized enterprises through business training programs and counseling. SEED has three full-time staff.

### **1. Programs**

In implementing its mission, SEED developed an extensive program of activities. These are described below.

#### **A. Counseling and Consulting**

SEED provides free counseling and consulting for micro and small businesses (businesses just starting and existing businesses). SEED focuses its services on four groups:

- A. Women
- B. Youth entrepreneurs
- C. Family businesses
- D. Ethnic minorities (Roma)

Counseling and consultations include topics such as how to establish a business, how to write a business plan, basic business skills, legal issues, financial resources available, franchising, leasing buildings, tax issues, and social security.

#### **B. Training**

SEED has an extensive training program with several components described below.<sup>1</sup>

1. Women entrepreneurs. Workshops specifically for women to help them learn about business and develop entrepreneurial and communication skills.
2. Entrepreneur. Training and seminars for entrepreneurs on starting and maintaining small businesses.
3. Family business. Training targeted specifically to family business owners.

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<sup>1</sup>Interview with Dr. Aniko Soltesz, director, July 21, 1998, and Foundation for Small Enterprise Economic Development, brochure.

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Modules include finance, taxation, legal issues, and marketing, as well as conflict management and solutions to family business problems.

4. Entrepreneurship curriculum. A curriculum adapted from Durham University's business school for students 12-18 years old called "Enterprise" (curriculum development sponsored by CIPE). SEED trains the business education teachers at vocational education schools and developed a teachers' manual and student's workbook to accompany the curriculum.
5. Vocational enterprise educational program. Course on entrepreneurship in three areas: electronics, hairdressing, and catering.
6. Customer service. Market-priced, unsubsidized training on customer service (clients have included banks, chambers of commerce, and libraries).

### **C. Business Incubators**

To help develop business incubators in Hungary, SEED:

- Provides consultancies for incubators.
- Provides three-day training courses for incubation center managers and special training programs for incubator staff and tenants.
- Organized an exchange program between Hungarian experts and Portland, Oregon, business incubators.
- Developed a video series, "The Passion of Enterprise," filmed in U.S. incubators and featuring interviews with incubator managers and tenants.

According to Dr. Soltesz, opinion on incubators is currently divided in Hungary. The first incubators were built in former Soviet barracks, but this turned out to be expensive (renovations, etc.). Because of the expense, organizers were unable to prove that incubators are a cheap tool for active labor policy. The European Union eventually provided some funding, which increased the popularity of incubators.

### **D. Business Case Studies**

The Business Case Studies Project was designed to create business case studies and teach university and postgraduate business education teachers how to use them in courses. A series of workshops were held in Hungary on business cases, and selected participants went on a study tour.

The project resulted in a book, Hungarian Business Case Studies, published in both English and Hungarian. The book allows trainers and teachers to use Hungarian cases, instead of Western

European and U.S. cases that did not always translate well into the Hungarian context.

## **E. Research**

SEED conducted a study of women entrepreneurs, published in a book entitled, Hungarian Women's Labor Market Position — Entrepreneurship as a Solution, edited by Dr. Aniko Soltesz.

Eight hundred women entrepreneurs in micro and small businesses were surveyed on their experiences and views of the future.

A study on family businesses was also conducted. SEED learned that most businesses in Hungary are family-owned businesses (individuals don't have sufficient capital to start their own companies). Family businesses have their own unique problems: if the business is in trouble, it causes problems in the family. If the family is having problems, that can leak into the business. In addition, the rate of divorce is very high, according to Dr. Soltesz, leading to additional problems for the family business. Dr. Soltesz hopes the family business center being created will be able to teach family business owners how to solve and manage conflicts between the family and the business.

## **F. Women's Banking**

In addition to its own work, SEED helped establish the Hungarian Women's World Banking Association, the Hungarian affiliate of Women's World Banking (a worldwide organization with 50 affiliates in 40 countries). The Association helps microenterprises, established by women, to access loans. SEED is a member of the board of the Association.

## **2. Funding/Resources**

SEED has several sources of funding: interest from its funding capital (provided by international and Hungarian funding organizations and used for overhead only), income from training fees, and grants from international and Hungarian donors. Donors include the Hungarian Foundation for Enterprise Promotion, CIPE, Sasakawa Peace Foundation, the British Know How Fund, USAID, and the EU Tempus program.

Dr. Soltesz believes that SEED must move more toward charging for its services (except for counseling, which SEED wants to maintain as a free service) to improve sustainability. The move to a fee-for-service basis will be a slow one; SEED's target groups are generally poor.

## **3. Future/Self-Sustainability**

Future plans for SEED include a new counseling center for family businesses that will open in September. A team of staff — a psychologist, banker, and lawyer — will respond to the needs of family businesses. The first consultation visit for clients will be free, and fees for subsequent visits



will be negotiated. SEED views the sustainability of the center, without donor subsidies, to be risky since business owners who need help don't have much money.

Although SEED is interested in providing microenterprise loans, current Hungarian non-profit law restricts loan practices. Non-profits cannot legally loan money and then use the interest paid on the loan for administrative costs to service the loan (for example, to hire a loan officer to manage the loans).

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## **SEED SURVEY OF WOMEN ENTREPRENEURS**

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## SEED SURVEY OF WOMEN ENTREPRENEURS

*The Status of Women in the Labour Market in Hungary: Entrepreneurship as an Alternative*, Zsuzsa Laczko and Aniko Soltesz, eds, Foundation for Small Enterprise Economic Development (SEED) with support from the Center for International Private Enterprise and USAID.

The studies in the book, undertaken between February 1995 and May 1996, utilize the expertise of well-known Hungarian researchers to conduct the first analysis of the economic situation of women in Hungary since the transition.

Articles in the book include:

- “The Labour Market Situation of Women in Hungary — Comparison with Foreign Examples,” Maria Frey, Institute for Labour Research
- “Becoming Self-Employed as a Reality and Prospects for Girls and Boys of 14-18 Years of Age,” Olga Toth, Institution of Sociology
- “Women Entrepreneurs in Hungarian Society Today,” Ilona Gere, Institute for Labour Research
- “Unemployed Women’s Attitudes Towards Entrepreneurship,” Valeria Pete, Labour Centre in Bekasmegyer
- “Gypsy Women’s Opportunities for Entrepreneurship,” Ilona Gere, Institute for Labour Research
- “Large and Small Scale Successes in the Careers of Hungarian Women Entrepreneurs and Managers,” Beata Nagy, Faculty of Sociology at the University of Economics in Budapest
- “Working Conditions and Women Entrepreneurs — the Situation of Women’s Labour within the Years Following the Change of Regime,” Csilla Lehoczkyne Kollonay, Faculty of State and Legislation at ELTE
- “The Political and Social Roles of Women in Hungary throughout the 90s,” Zsuzsa Kadar, Association of Autonom Trade Unions

The Labour Market Situation of Women in Hungary — Comparison with Foreign Examples, Maria Frey, Institute for Labour Research

No analysis of women’s labor situation has been conducted since the transition; databases with data that could be disaggregated by gender are left unanalyzed.

Before the transition, Hungary had a high degree of female participation in the labor force. Since the transition, Hungary has experienced changes in the labor market:

- reduction of the number of jobs available
- growth of unemployment and long-term unemployment
- increase in the economically inactive population

The unemployment rate of women increased from 0.4 percent in 1990 to 10.0 percent in 1995; the number of registered unemployed women increased from 10,000 in 1990 to 217,000 in 1995. In addition, overall employment of women decreased in Hungary. While in 1985, 70.1 percent of women aged 15-64 worked, that number decreased to 60.0 percent by 1992.

Working women have changed their views of women's employment since the transition. In 1986, 81 percent of employed women said women should engage in paid work. In 1995, only 66 percent of employed women believed the same.

Women are "under-represented" in the unemployment rolls. ILO data from 1994 show that Hungary is one of the few countries where women's unemployment is lower than that of men: 9.2 percent of women were unemployed in 1994 while 13.2 percent of men were.<sup>1</sup> Frey identified two primary reasons for this difference:

- Economic restructuring thus far has affected traditionally male occupations (mining and agriculture, for example).
- Women on maternity leave (three years or more) are considered to be employed, not unemployed.

However, women, once unemployed, spend more time unemployed than men and have more difficulty finding jobs than men.

Other indicators of the difference between men and women's employment are:

- 52 percent of women work for entirely state-owned enterprises (33 percent of men do).
- Nine percent of women work less than 36 hours per week compared to 3.7 percent of men.
- In similar jobs, women's salaries lag 10.5 percent behind men's. A result of the difference in wages is lower benefits (unemployment, sickness, and pensions are all based on earnings).

Frey suggests several "possibilities for progress":

1. Break data down by gender whenever possible.
2. Disseminate information about part-time employment (especially because of projected cuts in child care allowances which will mainly affect women).

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<sup>1</sup>In comparison, in Poland, 14.9 percent of women were unemployed in 1994, and 11.8 percent of men were. In the Czech Republic, the figures were 4.5 percent for women and 3.0 for men. In Romania, 10.7 percent of women and 6.2 percent of men were unemployed.

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3. Limit retirement as a means to restrict labor force supply.
4. Examine the role of discrimination against women in employment segregation.
5. Increase sensitivity of central and local governments to women's issues.
6. Increase women's contributions to policies developed by economic ministries and financial institutions.
7. Bring legal protections for workers in line with those of EU countries.
8. Increase the number of civil organizations working in women's employment issues.

Another interesting study, *Women Entrepreneurs in Today's Hungarian Society*, included interviews with 800 women entrepreneurs.

Women make up 41.1 percent of all entrepreneurs in enterprises established after 1990, an increase from 29.3 percent prior to 1990.

The survey found that:

- Women entrepreneurs have higher educational achievement than the average woman worker.
- 83 percent of the women entrepreneurs surveyed work full-time.
- Almost 50 percent of those surveyed were between the ages of 40 and 54.
- 72 percent of women entrepreneurs are married (compared to 86 percent of men entrepreneurs).
- Most of the women entrepreneurs surveyed were skilled workers or in managerial jobs (few were unskilled or semi-skilled workers).
- 47 percent of women entrepreneurs raised the capital for their businesses from their own savings and 26.3 percent received loans from family or friends. Only 6.5 percent received bank loans.
- 55 percent of women entrepreneurs work more than 8 hours a day in their businesses. According to a time utilization survey conducted in Hungary, women still do 75 percent of all household chores. Gere writes that "it may be understandable why women would rather insist upon having employee status."
- The older the entrepreneur, the more successful the business.
- Businesses with higher capital investments (between 900,000 and 1 million HUF, or between \$4,390 and \$4,878) were most successful. However, 62 percent of the women entrepreneurs surveyed invested less than 300,000 HUF, or \$1,463, in their businesses.<sup>2</sup>

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<sup>2</sup>Based on the July 1998 exchange rate of 205 HUF = \$1.00.

## **WOMEN IN AZERBAIJAN**

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## WOMEN IN AZERBAIJAN

### Overview

The former Soviet republic of Azerbaijan has been beset with political, social and economic instability since independence in August 1991. In the face of the collapse of trade among the republics of the FSU and the three year conflict with Armenia over Nagorno-Karabakh, Azerbaijan's living standards have decreased. As the Azeri government focuses on the implementation of macroeconomic policies necessary for economic reform, women's issues have become increasingly marginalized. This has resulted in women becoming one of the most vulnerable groups in post-Soviet Azerbaijan.

The adverse effects of transition have been further exacerbated by the increasingly disproportionate unemployment rate found between men and women in Azerbaijan today. During the Soviet era, ideological programs to encourage equality between men and women in the workplace were implemented, enhancing the status of Azeri women in society and diminishing the division of labor. In post-Soviet Azerbaijan, however, decreasing living standards in combination with the liquidation and privatization of many state-owned enterprises have left many women unemployed. The liberalization of the economy has thus far favored men, as they continue to hold the majority of the higher paying jobs as entrepreneurs, businessmen and managers. Even those women who are employed are left marginalized by both the low incomes and the new demands of the labor market. Women who are employed face the dual work burden. The ever worsening living conditions demand greater time spent on household related work as well as a full-time commitment to the job.

Deprived of the former quota system in place during the Soviet era, women in Azerbaijan face inequality in power-sharing in the post-communist period. According to UNDP's 1996 Human Development Report, women constitute nearly half of the active members and a third of the leadership of political parties in Azerbaijan without having a share of power equivalent to their true contribution in society. There has been a sharp decline in the number of women with seats in the Parliament: out of 125 deputies, only eight percent were women in 1996 (15 members) as compared to 39 percent during the Soviet era. Women have become increasingly under-represented at both the national and local levels of government.

Another adverse effect of transition on Azeri society has been the loss of many social protection programs, including pensions, child day-care programs and health care coverage. At present, there is no national social security system to tackle the difficulties of single women and single mothers. Current benefits have been eroded due to the decline in economic output and the high inflationary rates of the last several years. The system's current structure is not designed to encourage individual contributions of those available to pay and target those individuals and families most in need. Especially affected by this decline in social safety networks are the more vulnerable individuals in society. Present difficulties have left divorced women and widows more vulnerable than ever before. In addition, there is a rise in the number of single women who do not have the traditional family support system to fall back on. This is due to the conflict with Armenia, resulting in a change in the demographic balance of the country.

As a result of the conflict with Armenia over Nagorno-Karabakh, one million people have been displaced. The majority of these internally displaced persons comprise the most vulnerable segments of society: children under five, women and the elderly. More than 50,000 internally



displaced persons and refugee families in Azerbaijan have no permanent shelter, but rather live in make-shift dug outs, reed shelters, railway cars and dilapidated public buildings.

### **USAID's Development of Women NGO/PVO Leadership Program**

The Azeri government has been hard pressed to meet the needs of women and other vulnerable groups in society. The liberalization and the freedom of the transitional period has not necessarily encouraged women's active role in social, political and professional spheres. The initial role played by women in the general movement for reform and democracy is now being played in a more restricted area in women-oriented NGOs and PVOs with agendas including: addressing human rights; an emphasis on women's employment creation; and providing social services for vulnerable populations.

In August and September 1997, AED/Azerbaijan through the USAID/GTD Project, implemented the Development of Women NGO/PVO Leadership program. The main objective of the program was to strengthen leadership skills among women activists in Azerbaijan's NGO community through workshops and seminars, which is necessary for and useful to all participants seeking to improve the effectiveness and development of their organizations and the NGO/PVO sector. Program participants traveled to southern Florida and Washington, DC for training.

The course provided participants with the opportunity to meet with their American counterparts and take part in on-the-job training in the specific areas of their NGO work.

### **Successes and Lessons Learned**

The Development of Women NGO/PVO Leadership program has allowed many women from Azerbaijan to take home with them much needed leadership skills and action plans in which

to improve the effectiveness of their NGOs. After the training program, participants returned home and have been using the skills and knowledge they acquired. Where the Azeri government has been unable to provide for the needs of society, women-oriented NGOs have been able to fill in the gaps, and the leadership program held last August and September has only served to enhance the ways in which the local NGOs in Azerbaijan can respond to societal needs.

One of the participants of the training program was Ms. Novella Djafarova, the Chairman of the Women's Rights Protection Society. Immediately after returning home from the Development of Women NGO/PVO Leadership program, Ms. Djafarova organized a training seminar for fifteen activist women involved with her NGO. The week-long seminar included discussions on the numerous topics Ms. Djafarova studied during the USAID-funded NGO training program. These topics included leadership training, volunteer recruitment, conflict resolution, fund-raising and individual action plans. After the seminar, each participant presented an individual action plan, demonstrating how she would carry on the lessons learned in the seminar.

Ms. Djafarova herself created an action plan based on her newly acquired knowledge of fund-raising, studied during the Development of Women NGO/PVO Leadership program. She has since written several grants to obtain funding for various projects. One grant proposal was presented to the Ministry Department of Refugees and, through this project, the Women's Rights Protection Society received a grant from the Canadian Embassy that allows the society to conduct lectures on women's rights for refugee women.

Another young woman, Ms. Lamiia Azizova, returned home to Azerbaijan after spending a month in Florida and Washington, DC through the Development of Women NGO/PVO

Leadership program. Ms. Azizova's main objective for participating in the leadership program was to obtain skills and knowledge that she could bring back home in order to help her organization become more responsive and sensitive to the needs of people with disabilities, a group left even more vulnerable from the loss of social protection benefits during the transition. One of the founders and leaders of the Disabled Women's Association of Azerbaijan (DWAA), Ms. Azizova, disabled from spinal atrophy, is committed to creating an organization that will meet the needs of the disabled.

Since her return from the U.S., Ms. Azizova has helped to disseminate her skills and knowledge gleaned from her experience in the U.S. and has begun the lengthy process of consciousness raising for herself and other people with disabilities. She has helped DWAA establish three committees. The Information Dissemination and Legal Awareness Committee reviews and analyzes the law regarding social welfare to see how to adapt it for Azeri legislation in order to assist people with disabilities. The Empowerment Through Psychological Support committee is taking the lead in working to improve the self-image of disabled people by introducing more appropriate and sensitive vocabulary related to the disabled. The third committee, Empowerment Through Employment Creation, has begun an informal placement service for people with disabilities.

Another one of the participants in the Development of Women NGO/PVO Leadership program was Ms. Larissa Reikhroudel, President of the Azerbaijan Jewish Women's Organization. Since her return from the U.S., Ms. Reikhroudel has improved her skills and knowledge in terms of social work based on information she gathered during the leadership program. She developed the project Warm House for psycho-social rehabilitation of elderly

people. This project is a new Western-based model of social aid to elderly people, another vulnerable segment of the population in Azerbaijan today. In addition, Ms. Reikhroudel has developed several programs including: “The Course-Training for Homestay Health Service” in cooperation with NGOs in the social sphere; “Mother and Child Health Project” as a course for mothers, fathers, nurses, support staff, midwives, gynecologists and pediatricians; and the “Geriatrician Aid to the Population of Baku City”. These programs have been very helpful for her colleagues and other local NGOs who carry out social work for the elderly and the disabled.

The training provided by the Development of Women NGO/PVO Leadership program has been invaluable to the Azerbaijani women who participated. As shown in the three case studies, the women were able to gather information from the U.S.-based leadership programs in various areas and disseminate their skills and knowledge to other members of society in Azerbaijan. As the transition in Azerbaijan leaves large segments of the population vulnerable and marginalized, the work conducted by NGOs are even more necessary to fill the gap where national and local government fail to provide for society. The participants of the Development of Women NGO/PVO Leadership program have learned many of the necessary tools for addressing problems in Azerbaijan and are now implementing them in order to make life better for the many vulnerable members of society.

**SKILLS TRAINING:  
LODZ WHITE COLLAR SKILLS TRAINING CENTER**

*Submitted By:  
Kellie Isbell  
Aguirre International  
August, 1998*

## **SKILLS TRAINING LODZ WHITE COLLAR SKILLS TRAINING CENTER**

The Lodz White Collar Skills Training Center, a collaboration between the U.S. Department of Labor and the Lodz Branch of Solidarity, provides training in computers, secretarial skills, accounting, and business to persons in the Lodz region.

### **1. History, Background**

The Lodz region, southwest of Warsaw, served as the textile capital of Poland and supplied cotton and linen to the nation. The transition to a market economy led to factory closings in Lodz, and unemployment climbed to 25 percent.<sup>1</sup>

Janusz Tomaszewski, then head of the Lodz regional branch of Solidarity (Poland's major trade union and now political party), conceived the plan to develop a training center for the region. Because the private sector was growing, Solidarity saw a need for trained office workers, and decided the center should train unemployed workers in "white collar" skills. The new center is called the Lodz White Collar Training Center.

Solidarity, after preparing a business and financial plan for the Center, approached the U.S. Department of Labor (DOL) for funding. Solidarity requested in negotiations with DOL that all trainers at the Centers be Polish. Polish trainers were chosen through a competition, and those chosen were sent to the United States for training (these trainers then trained subsequent trainers). In the United States, the trade union ACFSME (American Council of Federal, State, and Municipal Employees) provided staff and training.<sup>2</sup> The Center opened in September, 1996.

### **2. Governance Structure**

The regional branch of Solidarity owns the Center. Authority and responsibility for the Lodz Center has always rested with Solidarity, not a US union or government agency (please refer to the Polish-American Building Craft Training Centers case study).

Tomaszewski, former head of the Lodz regional branch of Solidarity, became Deputy Prime Minister of Poland in 1997. The Center's director, Ireneusz Wosik, serves as the chief of staff to Deputy Prime Minister Tomaszewski, and spends about two days a week at the Center.

The Center has 10 full-time staff persons: a director, a coordinator for marketing, four instructors,

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<sup>1</sup>Interview with Janusz Tomaszewski, Deputy Prime Minister, July 7, 1998.

<sup>2</sup>Interview with Michael Waske, Country Director for Belarus, Lithuania, and Poland, American Center for International Labor Solidarity, AFL-CIO, July 6, 1998.

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an assistant secretary, a repairman, and two janitors.

In addition, contract instructors are hired to teach courses. The four staff instructors serve as advisors and supervisors of the contract instructors, responsible for the quality of the courses.

### **3. Description of Training and Other Services**

#### **Training**

The Center's primary activity is training. The Center provides training to registered unemployed persons through contracts with the local labor office, to area employers that contract with the Center to provide training to their workers, and to “walk-ins” from the community.

The Center's training programs focus on “white collar” skills. Solidarity chose this focus after conducting a market analysis: questionnaires were prepared for the employer community and a task force created which included representatives of academia, unions, local government, and employers. Through the questionnaires and the task force, Solidarity felt it received an accurate picture of Lodz's employment needs.<sup>3</sup>

Courses include:

- financial management,
- computer skills (basic and advanced),
- assistant manager (mid-level management),
- secretarial,
- small firm assistant (similar to secretarial course but includes extra accounting modules and excludes typewriting),
- personnel assistant (human resources), and
- techniques of job search.

Computer courses last about 100 hours; secretarial and personnel assistant courses are more than 300 hours.

For private firms, the Center provides courses in “soft skills,” such as:

- improving customer service,
- employee motivation,
- efficient management, and
- time management.

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<sup>3</sup>Interview with Tomaszewski, July 7, 1998.

Firms can also request specific, or customized, training.

## **Services**

In addition to training courses, the Center offers an optional job search course for trainees. In job search, participants learn to prepare resumes and how to find work.

Some courses also include on-the-job training options. For example, a course for assistant managers includes 40 hours of on-the-job training with local firms (see assistant manager training course description).

The Center owns a modern facility equipped with 45 new computers. Some of the computers are linked to the Internet, and some are specially set up for persons with vision problems.

## **Participants**

The Center has provided training to 1,000 persons since its inception in 1996. No data are kept on the percentage of male/female participants (no gender is targeted for the training); however, participants are primarily female. Participants in the secretarial courses are generally female while computer courses are split evenly between male and female participants.<sup>4</sup>

## **Outcomes**

Graduates of courses receive a completion certificate; the Center has license/permit from the Department of Education to issue these certificates. Because the certificates are officially recognized, graduates can use them to prove to employers they have had quality training.

No formal job search method exists; graduates rely on the Center's contacts with employers. Employers, according to Director Wosik, often ask the Center's staff for referrals of students.

The Center tries to follow-up with phone calls to participants, but this follow-up occurs with only some participants, primarily those in secretarial courses.<sup>5</sup> For secretarial courses, about 80 percent of participants find employment following training.

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<sup>4</sup>Interview with Irenusz Wosik, Director of the Lodz White Collar Skills Training Center, July 7, 1998.

<sup>5</sup>Interview with Wosik.



## 4. Funding (Income and Expenditure)

### Income

The Center's primary sources of funding are the U.S. Department of Labor (DOL), Solidarity, and income from courses. Some income is also made from rent.

DOL provided a grant of \$1 million to the Center, to be drawn in tranches. To date, \$920,000 has been drawn down, and funding from DOL ends in October, 1998. Solidarity provides some funding. For example, each quarter, Solidarity pays for a free course for the community. In addition, Solidarity covers budget shortfalls for the Center.

The Center, like other training organizations, competes for public tenders let by the local labor office. These tenders are requests for proposals for a particular training course, and one contractor is chosen to provide the course. According to Director Wosik, competition for these tenders has increased substantially in the last couple of years, and the Center had to decrease its price by 25 percent for the last tender competition. Private firms can also contract with the Center to provide training to employees. In these cases, the firm pays the costs of training.

Course prices vary depending on the intensity of the course. Financial management is the most expensive course offered to date at 17 zlotys<sup>6</sup> per hour per participant. Techniques of job search is the least expensive at 2.4 zlotys per hour per participant. The secretarial course costs 5 zlotys, and computer courses range in price from 4.5 to 12 zlotys.

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**Figure 1: Income for 1997<sup>7</sup>**

DOL funding	30 percent of expenses
Local labor office contracts	40 percent <sup>8</sup>
Customized training courses for employers	20 percent

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<sup>6</sup>\$1.00 = 3.45 zlotys.

<sup>7</sup>Figures are approximate.

<sup>8</sup>According to Director Wosik, for the first six months of 1998, the Center earned only 15 percent of its costs from fees charged to the local labor office.

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Other income	10 percent
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(renting an outbuilding to a temporary manpower company, renting the facility for special meetings, such as shareholder meetings)

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As evidenced above, the Center will have to make up 30 percent of its budget following the end of DOL support in October, 1998.

## **Expenditures**

Instructor salaries and benefits (both staff instructors and contract instructors) comprise about 75 percent of the total cost of each course. Other costs include:

- Training materials
- Utility costs for the building
- Depreciation of equipment
- Insurance

## **5. Future/Self-Sustainability**

The Center, according to Tomaszewski, is an important part of Lodz Solidarity — Solidarity, in effect, owns the Center and takes an interest in its welfare. Solidarity owns the land and the Center's building, providing a measure of financial security. In addition, Solidarity provides funding from its own budget to keep the Center solvent (see previous section on funding). Tomaszewski also noted that Solidarity has focused on the "true" activities of the Center, rather than worrying about where the next money will come from.

However, after October, 1998, the Center will have to earn all its income with no subsidies from DOL or Solidarity (DOL funding ends, and Solidarity wants the Center to be self-sufficient). The Center has 180 persons in training through the end of 1998 (through tenders with the local labor office). These students, according to Director Wosik, will provide sufficient income for the last half of 1998.

The Center's future in part depends on new highway construction. The government of Poland is negotiating with Bechtel (an American corporation) to build two highways — a north-south highway, and an east-west highway. Bechtel has signed an agreement that it will use the Lodz center to train the toll collectors for the new highways (and the Construction Craft Skills Training Centers to train its construction workers).

The Center is attempting to diversify its funding by marketing the Center as a conference facility.

The Center has parking in its favor, a valuable commodity in a city of approximately 800,000 with a parking problem.

Solidarity is currently seeking funding to build a hotel adjacent to the training center.<sup>9</sup> With the hotel, they will be able to train workers from outside the Lodz region and host more extensive conferences. According to director Wosik, no new hotels have been built in Lodz since the 1980s, Lodz is growing, and a new airport is being planned. These three reasons lead them to believe the hotel will be successful.

Other ideas for the future include providing higher education (post-secondary), continuous training for union leadership, and life-long learning for union members (negotiation and conflict resolution skills).

Solidarity trains its members at the Center and holds meetings for union leaders at the Center. Recently, the Center hosted a training for union leaders on how to win elections (union leaders are competing in government elections as well as union leadership elections). The Center director and regional director for Solidarity do not see a conflict between offering training for firms and unions; instead, they see this as a manifestation of the interest-based negotiation method they were taught by DOL trainers.

### **Marketing Center Services**

The local labor office publicizes the Center's services to registered unemployed persons seeking training. The Center has direct contact with employers, marketing its training services and graduates to private firms.

The Center uses its facility to host local art exhibits as a community service and a way to get the community more involved in the Center's activities.

The Center has changed as the market for training services has changed. In 1996, the Center offered 2-3 free courses and visited employers to market its services. In 1997, the Center pursued labor office training contracts exclusively. In 1998, the Center has begun targeting firms more aggressively, and provided 11 courses for firms in the first half of the year. Wosik sees a big market in "soft skills" training (communication, motivation, and presentation).

The Center currently rents an outbuilding to a temporary manpower company. The temporary agency has no official ties to the Center but does help Center graduates find temporary work, if they prefer.

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<sup>9</sup>The hotel is estimated to cost \$400,000.

## 6. Lessons Learned

As mentioned earlier, the Center is an integral part of the regional branch of Solidarity. This connection provides both financial protection and political power. However, should Solidarity's power decline, the Lodz Center may decline with it. Currently, however, the Center has powerful friends: Tomaszewski, whose idea led to the Center, is now Deputy Prime Minister of Poland, and his Chief of Staff is also the director of the Center.

Unfortunately, this power also means that the Center's most important staff person is in Warsaw most of the time. Wosik spends about two days each week at the Lodz center.

According to Tomaszewski, the Center is operating at full capacity with up to 100 people on a waiting list for training. However, on the day we visited the Center in the early afternoon, the reception desk was empty and the front door locked. One class was being conducted, and several students were using the computer rooms. However, many computers remained unutilized — the Center has 45 new computers.

Deputy Prime Minister Tomaszewski identified these lessons learned:

- Having Polish management of the Centers.
- Polish authorship of the training materials. Training materials were adapted to local needs and not taken wholesale from American or European sources. There should be great flexibility for centers established with foreign funds to allow them to adapt to local needs.

Director Wosik identified these lessons learned:

- Delegation of power. Solidarity allowed the Center to make its own decisions.
- Expert advice. Solidarity gathered a group of experts to provide advice and expertise to the Centers; these experts were also “powerful” people who then supported the Center. The Center is now the best known center in Solidarity circles.

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**Lodz White Collar Training Center**

Ireneusz Wosik, Director

ul. Kaminskiego 17/18

90-229 Lodz, Poland

48-678-06-77

Number of trainees: 1,000

USAID/DOL funding: \$1 million

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**WOMEN'S EMPLOYMENT:  
THE AGENCY FOR THE PROMOTION OF THE PROFESSIONAL  
EMPLOYMENT OF WOMEN**

*Submitted by:  
Kellie Isbell  
Aguirre International  
August, 1998*

## **WOMEN'S EMPLOYMENT**

### **The Agency for the Promotion of the Professional Employment of Women**

The Agency for the Promotion of the Professional Employment of Women (hereafter called “the Agency”) opened in October, 1996, in Gdansk, Poland. The Agency provides training and job counseling services to unemployed women (and some men) in the Gdansk region.

#### **1. History/Background**

The Gdansk region, located in the north of Poland on the Baltic Sea, is internationally famous for the Gdansk Shipyard — the birthplace of the Solidarity Trade Union — and has been known for its shipbuilding for hundreds of years.

Unemployment in Gdansk following the transition to a market economy climbed to about 25 percent. Women made up more than 65 percent of the unemployed. To combat the problem of unemployment among women, the Polish chapter of the International Association of Personnel in Employment Security (IAPES), in conjunction with the director of the regional labor office, conceived the idea for the center. They approached the US Department of Labor (DOL) for funding and were approved.

#### **2. Governance Structure**

The Agency is an independent non-profit organization and is governed by a board made up of IAPES members and the director of the center, Ewa Jurkowska.

Full-time staff include: the director, an accountant, a loan officer, an employment counselor, and an instructor (the director, accountant, and loan officer also provide training in their areas of expertise). Three support staff (secretaries, etc.) are wage subsidy workers paid for by the local labor office, and three staff members are volunteers.

#### **3. Description of Training and Other Services**

The Agency has three program areas: Training, a Business Development Center, and an Enterprise Development Fund.

##### **Training**

The Agency provides training to registered unemployed persons through contracts with the local labor office, to area employers that contract with the Agency to provide training to their workers, and to “walk-ins” from the community.

The local labor office releases requests for tenders several times a year. The Agency competes against other training organizations for these contracts with the labor office. Each local labor office tender is a request for a specific course needed in the region. Private firms contract with the Agency to provide customized training courses; those courses are determined by the employers. If no staff person can provide the training, the Agency contracts with outside instructors.

Courses include computer training (a short, basic course and advanced training in computer-based accounting or Corel graphics), billing systems/accounting, professional secretarial skills, entrepreneurial courses (starting a business, maintaining a business, and selling products).

Computer courses are the most popular. Director Jurkowska noted that public schools in Poland do not teach computer courses because computers are expensive, so many people seek computer training outside the educational system.

A new grant from PHARE will fund an in-depth course in small business development: longer course in accounting, economics, business computer use, assertiveness, and self-presentation. The target audience for this course is women who already have an idea for their business but are too shy or afraid to get started on their own.

### **Business Development Center**

Through the Business Development Center (BDC), the Agency provides assistance to women wanting to start their own businesses. The BDC coordinates with the training program, but BDC's clients are not obligated to take business development training courses. Assistance includes: advice on establishing a business, help in writing resumes, assistance in self-presentation, and referral to training courses or the Enterprise Development Fund.

The Business Development Center began operating in September, 1997, and has helped place 100 women in jobs since then.

### **Enterprise Development Fund**

The Enterprise Development Fund (EDF) was begun with grant funds from the World Bank's Employment Promotion division (see Figure 2). Only clients referred from the local labor office are eligible for loans. Often, because the labor office has its own loan fund, clients receive their first loans from the labor office and their second loans from the Agency.

The loan procedure is much like that in a bank: clients are required to write a business plan and complete a loan application. The Agency has a loan officer who visits the planned location of the business and refers the loan application and business plan to the Agency's loan commission. The Commission, made up of representatives from the local labor office, a local bank, the business community, and local government, reviews the documents and decides whether the loan will be



given, its amount, and its length.

Loans are generally one to three years with an interest rate of 16-19 percent (based on length). This rate is between that of the labor office (about 10 percent) and local banks (about 26 percent).<sup>1</sup>

The repayment rate is 78 percent. Most loans are for small shops and services. The maximum loan amount is \$20,000.

### **Job Placement Services**

The Agency has an employment counselor on staff whose job it is to contact employers and prepare listings of job openings, meet with women seeking jobs, and maintain a database of job seekers and job openings.

The job database was created for the Agency. It contains two kinds of information: job openings and job seekers. Women seeking jobs complete forms detailing their demographic information, education, work experience, and the type of job they desire. A data entry clerk then enters the forms into the database (the Agency has plans to purchase a computer for job applicants so they can complete the forms on the computer and search for jobs themselves). The employment counselor can then match their experience, education, and desired job with the job openings listed in the database and create a printout for the job seeker.<sup>2</sup>

On the day we visited the Agency, there were 652 job seekers listed in the database and only 13 open jobs. Job seekers remain in the database for three months, and jobs are listed until they are filled or canceled.

Three days each week the Agency is open to the public for those wishing to register with the database and search for jobs.

### **Participants**

For the first six months of 1998, the Agency served 247 clients, 90 percent of whom were women (the Agency does not limit its services to women). About 100 participants have been placed in jobs.

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<sup>1</sup>The inflation rate in Poland is 11-12 percent, effectively making the loan interest rate five to seven percent.

<sup>2</sup>It should be noted that there are no laws in Poland against gender or age discrimination. It is not uncommon for employers in their job listings to ask for "young women aged 25-34."

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In 1997, more than 20 percent of the Agency's clients were referred from the local labor office. In 1998, that number fell to 16 percent. Eighty-four percent of clients are walk-ins or from private employers.

#### 4. Funding (Income and Expenditure)

##### Income

The Agency receives income from several sources: DOL, fees from training courses, other grants, interest, and small donations (see Figures 1 and 2). DOL provided a grant of \$300,000 in 1996; the Agency has been drawing down this grant since then.

**Figure 1: Income for 1997**

DOL grant	\$35,000
Training fees	\$32,000
Other grants <sup>3</sup>	\$23,000
Interest income <sup>4</sup> and small donations	\$26,000
<b>Total Income</b>	<b>\$116,000</b>
Remaining reserve from DOL grant <sup>5</sup>	\$62,000

Course prices range from 300-500 zlotys per course per person.<sup>6</sup> The fee for a course is the same for all clients, so that the local labor office is charged the same price as a private firm or a client walking in "off the street" who pays for her own training.

<sup>3</sup>These grants, from the MSLP, local government in Gdansk, the national labor office, and USAID, paid for special training for leaders involved in helping with the Polish floods of 1997 and a "Summer with Computers" course for disadvantaged youth.

<sup>4</sup>The DOL grant is received in tranches. Each tranche (the most recent was \$130,000) is placed in an interest-bearing account. Because of inflation, interest rates in Poland are high, 20-25 percent).

<sup>5</sup>Reserve is being spent at a rate of \$2,500 per month.

<sup>6</sup>300-500 zlotys = \$86.96 - \$144.93.

In addition, the Agency received grants to be used exclusively for its enterprise development fund (a small loan fund) from the World Bank and the Polish Ministry of Labor and Social Policy (MLSP).

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**Figure 2: Income for Enterprise Development Fund**

World Bank (capital for loans)	\$130,000
World Bank and MLSP grant	\$ 14,000
World Bank grant for office operations	\$ 5,000
World Bank grant for training and equipment	\$ 40,000
<hr/>	
Total loan fund grants	\$189,000

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The Agency was recently awarded a grant from PHARE for 89,000 ecu (or \$74,167<sup>7</sup>) for a “Women in Business” training course. The course had not begun at the time of our site visit.

### **Expenditures**

Staff salaries (for the five core staff persons) account for 30 percent of total expenditures and are paid for by the DOL grant. The remaining seventy percent of expenditures go to operating expenses, insurance, rent, and equipment.

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**Figure 3: Expenses for 1997**

Rent	\$ 6,960 <sup>8</sup>
Utilities	\$ 6,960
Contracts with outside instructors	\$19,500
Salaried instructors	\$35,000
Other expenses <sup>9</sup>	\$46,580

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<sup>7</sup>\$1.00 equals 1.2 ecu.

<sup>8</sup>Rent and utilities are 2,000 zlotys per month or \$580. Multiplied by 12, the annual rate is \$6960.

<sup>9</sup>These “other expenses” were not specified in the Agency's accounting system, but can include expenses such as purchasing and upgrading equipment (computers and related equipment), and repairs

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Total expenses	\$115,000
Other Expenses:	
Renovation of building in 1996	\$153,000
(50% paid by DOL grant, 50% paid by other sources)	

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## 5. Future/Self-Sustainability

The Agency has an expected budget shortfall of 30 percent after DOL funding ends in 1998. The director expects this difference to be made up by grants from other donors. In other words, the Agency's plans for self-sustainability center on proposal writing for grants from international and national donors.

Wage subsidies for the three Agency staff are being reduced by the local labor office to 40 percent (from 100 percent), so the Agency will be required to pay 60 percent of the salary plus social security taxes or lay off the workers.<sup>10</sup> In 1997, the wage subsidy amounted to \$12,000; the Agency will have to pay \$7,200 of these salaries in the future.

The Agency has attempted to charge a fee to employers for their job placement services, but this has not proven fruitful: large employers have their own labor exchange offices, and small employers say they do not have enough money to pay for the service.

According to Director Jurkowska, unemployment in Gdansk has fallen to 2.3 percent. Because of this low unemployment rate, the local labor office has fewer training tenders, and the municipal government (one of the Agency's donors) is less interested in providing funding.

Changes in the Agency's services or marketing plans must be decided by the board, and none are currently being discussed.

## 6. Lessons Learned

The agency was begun by an independent NGO and had none of the problems of ownership and management from Washington the construction centers experienced (see Polish-American Building Craft Training Centers case study). The Agency and its board were able to control the Agency from the beginning.

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to the building following two robberies in 1997.

<sup>10</sup>The Agency currently pays no social security taxes for the wage subsidy workers.

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After two years, the Agency is still dependent on international funding and sees itself as continuing to rely on grants rather than managing entirely on the basis of its training revenue.

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**Agency for the Promotion of the Professional Employment of Women**

Ewa Jurkowska, Director

80-852 Gdansk, ul. Dyrekcyjna 5

48-58-305-23-26 telephone

48-58-305-22-44 fax

<http://www.apzk.com.pl>

Served: 247 (first half of 1998)

DOL Funding: \$300,000

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# **TRAINING THE UNEMPLOYED IN POLAND**

**Kellie Isbell, Aguirre International**  
**Jules Theeuwes, University of Amsterdam**

## **INTRODUCTION**

As was the case with other countries of Central and Eastern Europe and the New Independent States, Poland had to create a system of active and passive labor market policies following its transition to a market economy. Prior to the transition, open unemployment did not officially exist in Poland; therefore, there was no need for policies such as unemployment benefits or training.

The U.S. government has provided assistance to Poland, including help in establishing training programs for unemployed workers and a labor-management relations program. The training programs, established with the financial and technical assistance of the U.S. Department of Labor (DOL) through an interagency agreement with the U.S. Agency for International Development, are the focus of this report.

In the first weeks of July 1998 a team of researchers —Kellie Isbell, Aguirre International and Jules Theeuwes, Amsterdam Institute for Advanced Labor Studies (AIAS), University of Amsterdam — visited three U.S.-funded training programs in Poland:

White Collar Skills Training Center, Lodz  
Agency for the Promotion of the Professional Employment of Women,  
Gdansk  
Building Crafts Skills Training Center, Warsaw (Praga)

In addition, the researchers interviewed representatives of the Ministry of Labor and Social Policy and of the National Labor Office in Warsaw, the Local Labor Office in Gdansk, the director of the Solidarity Economic Foundation in Gdansk, which has responsibility for the two Building Crafts Skills Training Centers in Warsaw and Gdynia, and the President of the Regional Board of the Solidarity Trade Union in Lodz.

This report first provides general background on the labor market in Poland (section 1) and next a discussion of training policy in Poland (section 2). In section 3 we discuss the major lessons learned from the field visit. Appendices include more in-depth descriptions of each of the three training programs visited. The report is not intended to be an evaluation of U.S.-funded training programs in Poland. Rather, it is intended only to present some of the most important lessons learned in Poland for use by other countries considering establishing similar programs.

## **1. GENERAL BACKGROUND**

In this general introduction we will briefly describe some specifics of the Polish labor market in the nineties and talk about the institutional setting that is relevant for the functioning of the labor market and the market for training. Next we will provide some background on the role of US AID and US DOL in Poland. We will be brief as most of these issues have already been reported upon and concentrate only on those issues that are relevant for our mission objective.

### ***1.1. Polish labor market***

After years of high unemployment, tension has eased on the Polish labor market. The employment growth has been slightly higher than the OECD average in the last year whereas the labor supply growth has been somewhat lower (OECD, Economic Employment Outlook 1998). The Polish unemployment rate in 1998 was down to 10.1% and is expected by the OECD to go down to 9.3 % in 1999 (which is lower than the average unemployment rate in the European Union in the same years). These national averages however hide sometimes severe problems in certain regions and parts of the labor market. Clearly the situation is more favorable in the larger cities such as Warsaw and Gdansk than in the rural areas. E.g. Warsaw has an unemployment rate of 2.5%, Gdansk has 2.3%. In contrast the North-East border regions seem to pose severe problems. Although many jobs are created yearly there are also major problems related to the restructuring of the coal, steel and industry. These industries are regionally heavily concentrated and hence restructuring and job destruction in these traditional industries spells major problems for the regions concerned. Rural areas are expected to have large portions of hidden unemployment. Hidden unemployment becomes open unemployment if job opportunities improve. Each time the job situation in the urban areas improves this will draw workers from the rural area into city employment.

There is substantial youth unemployment. Poland still has large cohorts of youngsters entering the labor market every year and has problems absorbing them. Also the unemployment situation of women is much worse than of men. Around 65% of total unemployment is female unemployment. Youth unemployment is 30% of total unemployment. There is a large influx of young job seekers into the labor force.

Actually the Polish labor market is struggling with two demographic problems: a youth problem and an old workers problem. There are large cohorts of young workers coming onto the labor market. Unemployment rates are fairly high among youngsters 15 to 24 years old. According to the OECD only one out of every four in that age group was unemployed in 1997. Nevertheless the situation is gradually improving. In 1994 still one out of three was unemployed in the same age group. At the same time lots of older workers are leaving the labor market. Although official retirement is at age 65 for men and at age 60 for women, the participation rates of workers 55 to 64 is fairly low.

Only one out of three in that age group is still working. Obviously the Polish labor market will need to create employment for their younger workers and should maybe stop its early outflow of older workers. Training policies can be helpful both in getting unemployed youngster into work and in keeping older workers in work.

Another problem of the Polish labor market is the large gray or black labor market sectors in which taxes and social premiums are avoided and/or in which workers work illegally and are often without any legal protection, safety protection or social security. It is estimated that the gray or black labor market sector counts around 2 ml workers. It is also assumed that many illegal immigrants from the Ukraine and Belorussia are among them.

The Polish government has set up a number of policy measures to counteract unemployment. The active measures include counseling and job mediation, training and vocational courses, wage subsidies and public works and special programs for women, youth and the disabled. Special attention is paid to job growth through the small and medium sized enterprises. There are loans for self employment initiatives, counseling and training courses on how to set up a business.

The growth of self employment and of SME's depends however on ideas to create products and services that will be in demand. Creating and setting up new business would be helped by more technological transfer from outside. Demand itself depends on the growth of disposable income and on loan and credit possibilities. It is said that Poles have extended credit lines (mostly to buy cars) and that foreclosures on many of these loans will hamper future growth of consumer demand.

### ***1.2. Polish labor market institutions***

Recently the government changed and now consists of a coalition of centrist parties, solidarity party and extreme right parties. The new governments has major plans for administrative reform of central and local government and for reform in the educational and health sector. These three sectors employ a large percentage of the labor force in Poland today. Also the privatization of public enterprises will continue in the future.

A major challenge for the near future is Poland's entry into the EU. If successful this will open a large market for Poland exporters but at the same time make Polish firms vulnerable for foreign competition. In preparation for ascension to the EU Polish industry must be made more competitive.

Resorting under the prime minister are two pillars of labor market institutions: the Employment Councils and the Labor Offices. At the highest level is the National Employment Council in which 24 representatives of the government, trade unions and employers. The regional and local employment councils consist of 12 representatives of



government, union and employers. The highest level of the labor office pillar is the National Labor Office. Next there are 49 regional labor offices and more than 300 local labor offices.

## **2. TRAINING IN POLAND**

Polish labor market policies are generally financed through the Polish National Labor Fund. The Labor Fund is formed by employers' contributions of three percent of their gross wage bill and, to a much lesser extent, general tax revenue. In 1996 Poland has spend 2.14% of its GDP on labor market programs. About 85 percent is spend on passive measures (unemployment compensation and early retirement benefits) and the remaining 15% goes into active measures such as: employment services (counseling and job mediation provided by the local labor office), training programs, youth measures and subsidized employment (through wage subsidies and public works).

Poland's National Labor Office administers the Labor Fund. Local Labor Offices have responsibility for registering unemployed persons in their area and arranging for job matching and/or skills training. They are aided by the local employment councils consisting of representatives from the employers, the trade unions, training institutions. It is estimated that about 30 percent of all vacancies pass through the labor offices; however, this can only be a rough estimate because there is no way to know how large the unofficial labor market really is.

The National and Local Labor Offices have no training institution of their own; hence, local labor offices contract with external training providers. There is a number of ways in which the local labor office might ask for a tender offer for training services:

1. Suppose a local employer has a need for a group of trained workers. He can request that the labor office develop a customized training program meeting his need for trained workers. The local labor office selects a training organization (through a competitive process). Next, a tripartite agreement is reached between the employer, the local labor office, and the training provider. The local labor office is instrumental in selecting the potential trainees, and the employer can become involved in the selection. The training organization provides specific training that sometimes includes on-the-job training at facilities provided by the employer. The trainees receive a training benefit from the labor office during the training period. The employer also participates in the selection of the candidaties for training; however, the employer is required to guarantee employment for six to 12 months (depending on the costs of the training program).

Tripartite training agreements are very effective (on average, 83 percent of trainees are hired for at least six to 12 months compared to 60 percent for other training formulas). Despite this, the tripartite training option is used less

frequently than the labor office would like because employers balk at giving the employment guarantee.

2. An unemployed person requests a training program. Under certain conditions, the local labor office will authorize training and look for an appropriate training program.
3. The local labor office identifies the needs of the unemployed and the requirements of the employers in the local labor market and selects a group of unemployed to be trained in a specific skill that is (expected) to be in demand on the local labor market.

Training is always decided on the basis of proposals for training. A special committee made up of local labor office staff compares the tenders and selects the training institute on the basis of the following criteria:

- program evaluation: what is the quality of the training program offered?
- didactic equipment: has the training center the required equipment, tools, machines, classrooms etc.
- quality of instructors (education and experience)
- the cost of the training program
- the help provided by the training center to the trainees in finding employment.

Sometimes (not often) local labor offices survey participants following training to have them evaluate their training programs and to monitor the job progress of participants.

There are more than 5,000 private training organizations. According to the National Labor Office, establishing a training organization is fairly easy because there are few legal requirements. There is no accreditation of training institutes and no central agency that monitors their quality.

The training market in Poland is dominated (overall market share of 40 percent) by ZDZ (Vocational Development Center), a long-standing institution that has been offering training in different subjects for individuals and groups for 30-40 years. Although ZDZ was originally created as an educational organization by the Polish government, it now operates as a self-sufficient, non-governmental agency. ZDZ provides training for local labor offices, individual citizens, and employers. ZDZ is well known by the public and is judged to provide high-quality training by the National Labor Office.

Other major players on the training market are the Centers of Permanent Education, a network of centers spread over Poland subordinated to the Polish Ministry of Education but claimed to be self sufficient. Some (secondary) vocational training schools provide training for adults, particularly in the evening hours. Other more

specialized training centers are connected to professional, technical, or sector associations. Examples are the Association of Accountants and Economists and industry-specific training centers.

Competition on the training market is very intense. From the viewpoint of the Warsaw National Labor Office and disclaiming any detailed knowledge of the local training market situation, one had the impression that the ‘American’ training centers<sup>1</sup> offered good quality training, using modern methods and techniques and good quality instructors. They had been forced by the competition to reduce prices of training courses in their proposals to the local labor offices. They were considered to be as good as the other main competitors, not worse, not better, they sometimes lost and sometimes won a proposal for training.

The needs for training in the Polish labor market today and in the near future are unclear. The urban labor markets, especially the one in Warsaw, seem to be overheated (in July, 1998, the time of our field visit). Unemployment is low, and there is a huge demand for labor. There seems to be a shortage of unemployed or employed workers interested in training, as they can get a job in any case. Clearly outside the urban markets in some regional labor markets there are major unemployment problems. An obvious solution would be geographical labor mobility. Several interviewees during the field visit claimed that geographical mobility is not very high in Poland due to housing shortages. Unemployed persons are unwilling to move as long as they face high uncertainties of finding decent housing facilities in the new labor market. There is also a substantial “gray or black” labor market operative in urban areas. Employers in the gray markets have no interest in training. One NLO staff person also believed that there is really not enough interest from employers in the official labor markets in training either.

Not all local labor markets in Poland are overheated or were overheated. For instance the Lodz area experienced substantial unemployment among low-skilled women. In this market upgrading their skills would increase their productivity and employment prospects. In the first few years following the transition, there was substantial unemployment in the Gdansk area due to the restructuring of the shipyards (for more detailed descriptions of the Lodz and Gdansk training centers, please refer to the appendices). Decisions about training provisions are taken at the local level because local labor offices can best judge the local labor market situation.

Sometimes (but only occasionally) training is provided during the notification period in the case of massive layoffs or shutdowns, but most of the time training through the local labor office is provided for registered unemployed. In roughly 15 percent of the

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<sup>1</sup>Across Poland, the training centers funded with U.S. assistance are known as the American training centers — even though their staff and curricula are Polish.

cases, training is provided at the request of the unemployed individual. In 85 percent of the cases, the initiative is taken by the local labor office after determining the demand and supply situation in the local labor market and surveying the registered unemployed persons listed in their files.

The largest problem facing the local labor offices is the lack of interest or maybe even the unwillingness of the unemployed to be trained. As is almost universally the case, the more highly educated the unemployed individual is, the more interested he or she is in (extra) training. The lower the level of education or skill, the less one is motivated for training. More than 70 percent of the Polish unemployed lack primary or basic education (hence, the labor office runs into this internal barrier with most of its cases). Although it is legally possible to cut unemployment benefits if an unemployed person refuses to cooperate with the local labor office, it is not an efficient measure to push him or her into training. Labor office staff believe it is more effective to raise motivation and consciousness vis-a-vis training.

The lack of motivation on the part of lower and unskilled unemployed persons to seek additional training is common in most countries. These unemployed did not have much success with the formal schooling system before, which left them discouraged and not eager to go back to school. In Poland, this motivational problem is often compounded by passiveness: Polish citizens became accustomed to having the government take care of their employment.

The labor office has been experimenting with a training method for this large group of unmotivated unemployed persons. The method consists of a three-module approach:

1. The first module raises the general motivation of the unemployed and introduces them to the rules of the labor market in a market economy.
2. The second module refreshes basic skills such as writing, reading and mathematical skills.
3. Finally, the third module provides vocational skills training.

Obviously this method employs lots of resources and are relatively expensive.

### **3. LESSONS LEARNED**

#### ***US AID and US DOL in Poland***

Under de SEED act the DOL was active in Poland in 8 projects. As far as the Polish Employment Agencies were concerned DOL had three goals:

1. Promote work force development
2. Create vocational testing and counseling
3. Measure the effectiveness of labor offices

Furthermore they wanted to set up a policy for labor management and programs for labor management relations. In this policy they helped the Polish government to develop labor law and a labor code and to set up an institutional framework for labor relations. The DOL program was flanked by programs from the World Bank and from the ILO. From the money left over a methodological center was build in Warsaw

In the Appendices we present the individual case studies of the U.S. funded training centers which we visited. Below we summarize the main lessons learned from each of these.

### ***White Collar Skills Training Center in Lodz***

The Center is an integral part of the regional branch of Solidarity. This connection provides both financial protection and political power. However, should Solidarity's power decline, the Lodz Center may decline with it. Currently, however, the Center has powerful friends: Tomaszewski, whose idea led to the Center, is now Deputy Prime Minister of Poland, and his Chief of Staff is also the director of the Center.

Unfortunately, this power also means that the Center's most important staff person is in Warsaw most of the time. Wosik spends about two days each week at the Lodz center.

According to Tomaszewski, the Center is operating at full capacity with up to 100 people on a waiting list for training. However, on the day we visited the Center in the early afternoon, the reception desk was empty and the front door locked. One class was being conducted, and several students were using the computer rooms. However, many computers remained unutilized — the Center has 45 new computers.

Deputy Prime Minister Tomaszewski identified these lessons learned:

- Having Polish management of the Centers.
- Polish authorship of the training materials. Training materials were adapted to local needs and not taken wholesale from American or European sources. There should be great flexibility for centers established with foreign funds to allow them to adapt to local needs.

Director Wosik identified these lessons learned:

- Delegation of power. Solidarity allowed the Center to make its own decisions.
- Expert advice. Solidarity gathered a group of experts to provide advice and expertise to the Centers; these experts were also "powerful" people who then supported the Center. The Center is now the best known center in Solidarity circles.

### ***The Agency for the Promotion of the Professional Employment of Women in Gdansk.***

The Agency for the Promotion of the Professional Employment of Woman was begun by an independent NGO and had none of the problems of ownership and management from Washington the construction centers experienced (see Polish-American Building Craft Training Centers case study below). The Agency and its board were able to control the Agency from the beginning and its sustainability seems less problematic than other centers.

After two years, the Agency is still dependent on international funding and sees itself as continuing to rely on grants rather than managing entirely on the basis of its training revenue. However judging from the scant evidence we have available, the Agency seems to have some success in attracting grants from outside.

### ***Construction Crafts Skills Training Centers in Gdynia and Warsaw***

1. Clearly the 'American' training centers are just a few out of many available training organizations. There are currently about 5,000 training institutions in Poland, almost all created by the free market following the transition without foreign assistance.
2. Competition on the training market is tough. According to the National Labor Office, the training centers established by the U.S. government are no better or worse than their competitors.

On the supply side, there seem to be many strong competitors. One has to fight hard to get training orders and be willing to cut prices as deep as cost levels will allow. On the demand side, it is clear that there is an overheated labor market where lots of work is available that does not require training and in which employers are not really interested in training (or, are at least not interested in paying for the cost of training because they can easily lose trained workers in a tight labor market). It is and will continue to be a hard struggle to survive in this training market. All the centers that we looked at have to become independent and self-sufficient in the next year. Given the present training market situation that will certainly not be easy. The subsidized American training centers should be prepared for survival in adverse environments.

3. The greatest problem that the labor offices face is the motivation and training of the unskilled and lower skilled unemployed individuals. This problem is similar in other countries (especially emerging market countries and developed countries), and hence there might be training modules Poland could import.

4. A clear bonus of the American training centers is their high quality of training, not only in the quality of the instructors but also in the equipment and techniques used. Clearly, there is an element of technology transfer in the content of the method of training that is to the benefit of the Polish labor market in general. This technology transfer is most obvious in the construction training centers. At the same time, the higher quality and informational content of the training courses come at a price — a price which employers seem to be unwilling to pay. With the fierce competition that prevails on the training market in Poland, it is impossible to charge the individual users for this technology transfer, which benefits the whole construction sector.
5. Again given the fierce competition in the training market, the question can be raised whether the absence from the training market of the Gdynia and Praga training centers in this time of restructuring is going to be fatal. Will it be possible to come back again if they drop out for a while?

## **APPENDICES**

### **APPENDIX A.**

#### **Skills Training**

#### **Lodz White Collar Skills Training Center**

The Lodz White Collar Skills Training Center, a collaboration between the U.S. Department of Labor and the Lodz Branch of Solidarity, provides training in computers, secretarial skills, accounting, and business to persons in the Lodz region.

#### **1. History, Background**

The Lodz region, southwest of Warsaw, served as the textile capital of Poland and supplied cotton and linen to the nation. The transition to a market economy led to factory closings in Lodz, and unemployment climbed to 25 percent.<sup>2</sup>

Janusz Tomaszewski, then head of the Lodz regional branch of Solidarity (Poland's major trade union and now political party), conceived the plan to develop a training center for the region. Because the private sector was growing, Solidarity saw a need for trained office workers, and decided the center should train unemployed workers in "white collar" skills. The new center is called the Lodz White Collar Training Center.

Solidarity, after preparing a business and financial plan for the Center, approached the U.S. Department of Labor (DOL) for funding. Solidarity requested in negotiations with DOL that all trainers at the Centers be Polish. Polish trainers were chosen through a competition, and those chosen were sent to the United States for training (these trainers then trained subsequent trainers). In the United States, the trade union ACFSME (American Council of Federal, State, and Municipal Employees) provided staff and training.<sup>3</sup> The Center opened in September, 1996.

#### **2. Governance Structure**

The regional branch of Solidarity owns the Center. Authority and responsibility for the Lodz Center has always rested with Solidarity, not a US union or government agency (please refer to the Polish-American Building Craft Training Centers case study).

Tomaszewski, former head of the Lodz regional branch of Solidarity, became Deputy Prime Minister of Poland in 1997. The Center's director, Ireneusz Wosik, serves as the

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<sup>2</sup>Interview with Janusz Tomaszewski, Deputy Prime Minister, July 7, 1998.

<sup>3</sup>Interview with Michael Waske, Country Director for Belarus, Lithuania, and Poland, American Center for International Labor Solidarity, AFL-CIO, July 6, 1998.



chief of staff to Deputy Prime Minister Tomaszewski, and spends about two days a week at the Center.

The Center has 10 full-time staff persons: a director, a coordinator for marketing, four instructors, an assistant secretary, a repairman, and two janitors.

In addition, contract instructors are hired to teach courses. The four staff instructors serve as advisors and supervisors of the contract instructors, responsible for the quality of the courses.

### **3. Description of Training and Other Services**

#### **Training**

The Center's primary activity is training. The Center provides training to registered unemployed persons through contracts with the local labor office, to area employers that contract with the Center to provide training to their workers, and to "walk-ins" from the community.

The Center's training programs focus on "white collar" skills. Solidarity chose this focus after conducting a market analysis: questionnaires were prepared for the employer community and a task force created which included representatives of academia, unions, local government, and employers. Through the questionnaires and the task force, Solidarity felt it received an accurate picture of Lodz's employment needs.<sup>4</sup>

Courses include:

- financial management
- computer skills (basic and advanced),
- assistant manager (mid-level management),
- secretarial,
- small firm assistant (similar to secretarial course but includes extra accounting modules and excludes typewriting),
- personnel assistant (human resources), and
- techniques of job search.

Computer courses last about 100 hours; secretarial and personnel assistant courses are more than 300 hours.

For private firms, the Center provides courses in "soft skills," such as:

- improving customer service,
- employee motivation,

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<sup>4</sup>Interview with Tomaszewski, July 7, 1998.

efficient management, and  
time management.

Firms can also request specific, or customized, training.

## **Services**

In addition to training courses, the Center offers an optional job search course for trainees. In job search, participants learn to prepare resumes and how to find work.

Some courses also include on-the-job training options. For example, a course for assistant managers includes 40 hours of on-the-job training with local firms (see assistant manager training course description).

The Center owns a modern facility equipped with 45 new computers. Some of the computers are linked to the Internet, and some are specially set up for persons with vision problems.

## **Participants**

The Center has provided training to 1,000 persons since its inception in 1996. No data are kept on the percentage of male/female participants (no gender is targeted for the training); however, participants are primarily female. Participants in the secretarial courses are generally female while computer courses are split evenly between male and female participants.<sup>5</sup>

## **Outcomes**

Graduates of courses receive a completion certificate; the Center has license/permit from the Department of Education to issue these certificates. Because the certificates are officially recognized, graduates can use them to prove to employers they have had quality training.

No formal job search method exists; graduates rely on the Center's contacts with employers. Employers, according to Director Wosik, often ask the Center's staff for referrals of students.

The Center tries to follow-up with phone calls to participants, but this follow-up occurs with only some participants, primarily those in secretarial courses.<sup>6</sup> For secretarial courses, about 80 percent of participants find employment following training.

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<sup>5</sup>Interview with Irenusz Wosik, Director of the Lodz White Collar Skills Training Center, July 7, 1998.

<sup>6</sup>Interview with Wosik.

## 4. Funding (Income and Expenditure)

### Income

The Center's primary sources of funding are the U.S. Department of Labor (DOL), Solidarity, and income from courses. Some income is also made from rent.

DOL provided a grant of \$1 million to the Center, to be drawn in tranches. To date, \$920,000 has been drawn down, and funding from DOL ends in October, 1998. Solidarity provides some funding. For example, each quarter, Solidarity pays for a free course for the community. In addition, Solidarity covers budget shortfalls for the Center.

The Center, like other training organizations, competes for public tenders let by the local labor office. These tenders are requests for proposals for a particular training course, and one contractor is chosen to provide the course. According to Director Wosik, competition for these tenders has increased substantially in the last couple of years, and the Center had to decrease its price by 25 percent for the last tender competition. Private firms can also contract with the Center to provide training to employees. In these cases, the firm pays the costs of training.

Course prices vary depending on the intensity of the course. Financial management is the most expensive course offered to date at 17 zlotys<sup>7</sup> per hour per participant. Techniques of job search is the least expensive at 2.4 zlotys per hour per participant. The secretarial course costs 5 zlotys, and computer courses range in price from 4.5 to 12 zlotys.

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**Figure 1: Income for 1997<sup>8</sup>**

DOL funding	30 percent of expenses
Local labor office contracts	40 percent <sup>9</sup>
Customized training courses for employers	20 percent

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<sup>7</sup>\$1.00 = 3.45 zlotys.

<sup>8</sup>Figures are approximate.

<sup>9</sup>According to Director Wosik, for the first six months of 1998, the Center earned only 15 percent of its costs from fees charged to the local labor office.

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Other income	10 percent
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(renting an outbuilding to a temporary manpower company, renting the facility for special meetings, such as shareholder meetings)

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As evidenced above, the Center will have to make up 30 percent of its budget following the end of DOL support in October, 1998.

## **Expenditures**

Instructor salaries and benefits (both staff instructors and contract instructors) comprise about 75 percent of the total cost of each course. Other costs include:

- Training materials
- Utility costs for the building
- Depreciation of equipment
- Insurance

## **5. Future/Self-Sustainability**

The Center, according to Tomaszewski, is an important part of Lodz Solidarity — Solidarity, in effect, owns the Center and takes an interest in its welfare. Solidarity owns the land and the Center's building, providing a measure of financial security. In addition, Solidarity provides funding from its own budget to keep the Center solvent (see previous section on funding). Tomaszewski also noted that Solidarity has focused on the "true" activities of the Center, rather than worrying about where the next money will come from.

However, after October, 1998, the Center will have to earn all its income with no subsidies from DOL or Solidarity (DOL funding ends, and Solidarity wants the Center to be self-sufficient). The Center has 180 persons in training through the end of 1998 (through tenders with the local labor office). These students, according to Director Wosik, will provide sufficient income for the last half of 1998.

The Center's future in part depends on new highway construction. The government of Poland is negotiating with Bechtel (an American corporation) to build two highways — a north-south highway, and an east-west highway. Bechtel has signed an agreement that it will use the Lodz center to train the toll collectors for the new highways (and the Construction Craft Skills Training Centers to train its construction workers).

The Center is attempting to diversify its funding by marketing the Center as a conference facility. The Center has parking in its favor, a valuable commodity in a city of approximately 800,000 with a parking problem.

Solidarity is currently seeking funding to build a hotel adjacent to the training center.<sup>10</sup> With the hotel, they will be able to train workers from outside the Lodz region and host more extensive conferences. According to director Wosik, no new hotels have been built in Lodz since the 1980s, Lodz is growing, and a new airport is being planned. These three reasons lead them to believe the hotel will be successful.

Other ideas for the future include providing higher education (post-secondary), continuous training for union leadership, and life-long learning for union members (negotiation and conflict resolution skills).

Solidarity trains its members at the Center and holds meetings for union leaders at the Center. Recently, the Center hosted a training for union leaders on how to win elections (union leaders are competing in government elections as well as union leadership elections). The Center director and regional director for Solidarity do not see a conflict between offering training for firms and unions; instead, they see this as a manifestation of the interest-based negotiation method they were taught by DOL trainers.

### **Marketing Center Services**

The local labor office publicizes the Center's services to registered unemployed persons seeking training. The Center has direct contact with employers, marketing its training services and graduates to private firms.

The Center uses its facility to host local art exhibits as a community service and a way to get the community more involved in the Center's activities.

The Center has changed as the market for training services has changed. In 1996, the Center offered 2-3 free courses and visited employers to market its services. In 1997, the Center pursued labor office training contracts exclusively. In 1998, the Center has begun targeting firms more aggressively, and provided 11 courses for firms in the first half of the year. Wosik sees a big market in "soft skills" training (communication, motivation, and presentation).

The Center currently rents an outbuilding to a temporary manpower company. The temporary agency has no official ties to the Center but does help Center graduates find temporary work, if they prefer.

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<sup>10</sup>The hotel is estimated to cost \$400,000.

## **6. Lessons Learned**

As mentioned earlier, the Center is an integral part of the regional branch of Solidarity. This connection provides both financial protection and political power. However, should Solidarity's power decline, the Lodz Center may decline with it. Currently, however, the Center has powerful friends: Tomaszewski, whose idea led to the Center, is now Deputy Prime Minister of Poland, and his Chief of Staff is also the director of the Center.

Unfortunately, this power also means that the Center's most important staff person is in Warsaw most of the time. Wosik spends about two days each week at the Lodz center.

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- Polish authorship of the training materials. Training materials were adapted to local needs and not taken wholesale from American or European sources. There should be great flexibility for centers established with foreign funds to allow them to adapt to local needs.

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- Delegation of power. Solidarity allowed the Center to make its own decisions.
- Expert advice. Solidarity gathered a group of experts to provide advice and expertise to the Centers; these experts were also "powerful" people who then supported the Center. The Center is now the best known center in Solidarity circles.

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**Lodz White Collar Training Center**

Ireneusz Wosik, Director

ul. Kaminskiego 17/18

90-229 Lodz, Poland

48-678-06-77

Number of trainees: 1,000

USAID/DOL funding: \$1 million

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## **APPENDIX B**

# **WOMEN'S EMPLOYMENT**

## **The Agency for the Promotion of the Professional Employment of Women**

The Agency for the Promotion of the Professional Employment of Women (hereafter called “the Agency”) opened in October, 1996, in Gdansk, Poland. The Agency provides training and job counseling services to unemployed women (and some men) in the Gdansk region.

### **1. History/Background**

The Gdansk region, located in the north of Poland on the Baltic Sea, is internationally famous for the Gdansk Shipyard — the birthplace of the Solidarity Trade Union — and has been known for its shipbuilding for hundreds of years.

Unemployment in Gdansk following the transition to a market economy climbed to about 25 percent. Women made up more than 65 percent of the unemployed. To combat the problem of unemployment among women, the Polish chapter of the International Association of Personnel in Employment Security (IAPES), in conjunction with the director of the regional labor office, conceived the idea for the center. They approached the US Department of Labor (DOL) for funding and were approved.

### **2. Governance Structure**

The Agency is an independent non-profit organization and is governed by a board made up of IAPES members and the director of the center, Ewa Jurkowska.

Full-time staff include: the director, an accountant, a loan officer, an employment counselor, and an instructor (the director, accountant, and loan officer also provide training in their areas of expertise). Three support staff (secretaries, etc.) are wage subsidy workers paid for by the local labor office, and three staff members are volunteers.

### **3. Description of Training and Other Services**

The Agency has three program areas: Training, a Business Development Center, and an Enterprise Development Fund.



## **Training**

The Agency provides training to registered unemployed persons through contracts with the local labor office, to area employers that contract with the Agency to provide training to their workers, and to “walk-ins” from the community.

The local labor office releases requests for tenders several times a year. The Agency competes against other training organizations for these contracts with the labor office. Each local labor office tender is a request for a specific course needed in the region. Private firms contract with the Agency to provide customized training courses; those courses are determined by the employers. If no staff person can provide the training, the Agency contracts with outside instructors.

Courses include computer training (a short, basic course and advanced training in computer-based accounting or Corel graphics), billing systems/accounting, professional secretarial skills, entrepreneurial courses (starting a business, maintaining a business, and selling products).

Computer courses are the most popular. Director Jurkowska noted that public schools in Poland do not teach computer courses because computers are expensive, so many people seek computer training outside the educational system.

A new grant from PHARE will fund an in-depth course in small business development: longer course in accounting, economics, business computer use, assertiveness, and self-presentation. The target audience for this course is women who already have an idea for their business but are too shy or afraid to get started on their own.

## **Business Development Center**

Through the Business Development Center (BDC), the Agency provides assistance to women wanting to start their own businesses. The BDC coordinates with the training program, but BDC’s clients are not obligated to take business development training courses. Assistance includes: advice on establishing a business, help in writing resumes, assistance in self-presentation, and referral to training courses or the Enterprise Development Fund.

The Business Development Center began operating in September, 1997, and has helped place 100 women in jobs since then.

## **Enterprise Development Fund**

The Enterprise Development Fund (EDF) was begun with grant funds from the World Bank’s Employment Promotion division (see Figure 2). Only clients referred from the local labor office are eligible for loans. Often, because the labor office has its own loan

fund, clients receive their first loans from the labor office and their second loans from the Agency.

The loan procedure is much like that in a bank: clients are required to write a business plan and complete a loan application. The Agency has a loan officer who visits the planned location of the business and refers the loan application and business plan to the Agency's loan commission. The Commission, made up of representatives from the local labor office, a local bank, the business community, and local government, reviews the documents and decides whether the loan will be given, its amount, and its length.

Loans are generally one to three years with an interest rate of 16-19 percent (based on length). This rate is between that of the labor office (about 10 percent) and local banks (about 26 percent).<sup>11</sup>

The repayment rate is 78 percent. Most loans are for small shops and services. The maximum loan amount is \$20,000.

### **Job Placement Services**

The Agency has an employment counselor on staff whose job it is to contact employers and prepare listings of job openings, meet with women seeking jobs, and maintain a database of job seekers and job openings.

The job database was created for the Agency. It contains two kinds of information: job openings and job seekers. Women seeking jobs complete forms detailing their demographic information, education, work experience, and the type of job they desire. A data entry clerk then enters the forms into the database (the Agency has plans to purchase a computer for job applicants so they can complete the forms on the computer and search for jobs themselves). The employment counselor can then match their experience, education, and desired job with the job openings listed in the database and create a printout for the job seeker.<sup>12</sup>

On the day we visited the Agency, there were 652 job seekers listed in the database and only 13 open jobs. Job seekers remain in the database for three months, and jobs are listed until they are filled or canceled.

Three days each week the Agency is open to the public for those wishing to register with the database and search for jobs.

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<sup>11</sup>The inflation rate in Poland is 11-12 percent, effectively making the loan interest rate five to seven percent.

<sup>12</sup>It should be noted that there are no laws in Poland against gender or age discrimination. It is not uncommon for employers in their job listings to ask for "young women aged 25-34."

## Participants

For the first six months of 1998, the Agency served 247 clients, 90 percent of whom were women (the Agency does not limit its services to women). About 100 participants have been placed in jobs.

In 1997, more than 20 percent of the Agency's clients were referred from the local labor office. In 1998, that number fell to 16 percent. Eighty-four percent of clients are walk-ins or from private employers.

## 4. Funding (Income and Expenditure)

### Income

The Agency receives income from several sources: DOL, fees from training courses, other grants, interest, and small donations (see Figures 1 and 2). DOL provided a grant of \$300,000 in 1996; the Agency has been drawing down this grant since then.

**Figure 1: Income for 1997**

DOL grant	\$35,000
Training fees	\$32,000
Other grants <sup>13</sup>	\$23,000
Interest income <sup>14</sup> and small donations	\$26,000
Total Income	\$116,000

<sup>13</sup>These grants, from the MSLP, local government in Gdansk, the national labor office, and USAID, paid for special training for leaders involved in helping with the Polish floods of 1997 and a "Summer with Computers" course for disadvantaged youth.

<sup>14</sup>The DOL grant is received in tranches. Each tranche (the most recent was \$130,000) is placed in an interest-bearing account. Because of inflation, interest rates in Poland are high, 20-25 percent).

Remaining reserve from DOL grant <sup>15</sup>	\$62,000
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Course prices range from 300-500 zlotys per course per person.<sup>16</sup> The fee for a course is the same for all clients, so that the local labor office is charged the same price as a private firm or a client walking in “off the street” who pays for her own training.

In addition, the Agency received grants to be used exclusively for its enterprise development fund (a small loan fund) from the World Bank and the Polish Ministry of Labor and Social Policy (MLSP).

**Figure 2: Income for Enterprise Development Fund**

World Bank (capital for loans)	\$130,000
World Bank and MLSP grant	\$ 14,000
World Bank grant for office operations	\$ 5,000
World Bank grant for training and equipment	\$ 40,000
<b>Total loan fund grants</b>	<b>\$189,000</b>

The Agency was recently awarded a grant from PHARE for 89,000 ecu (or \$74,167<sup>17</sup>) for a “Women in Business” training course. The course had not begun at the time of our site visit.

## Expenditures

<sup>15</sup>Reserve is being spent at a rate of \$2,500 per month.

<sup>16</sup>300-500 zlotys = \$86.96 - \$144.93.

<sup>17</sup>\$1.00 equals 1.2 ecu.

Staff salaries (for the five core staff persons) account for 30 percent of total expenditures and are paid for by the DOL grant. The remaining seventy percent of expenditures go to operating expenses, insurance, rent, and equipment.

**Figure 3: Expenses for 1997**

Rent	\$ 6,960 <sup>18</sup>
Utilities	\$ 6,960
Contracts with outside instructors	\$19,500
Salaried instructors	\$35,000
Other expenses <sup>19</sup>	\$46,580
Total expenses	\$115,000
Other Expenses:	
Renovation of building in 1996	\$153,000
(50% paid by DOL grant, 50% paid by other sources)	

## 5. Future/Self-Sustainability

The Agency has an expected budget shortfall of 30 percent after DOL funding ends in 1998. The director expects this difference to be made up by grants from other donors. In other words, the Agency's plans for self-sustainability center on proposal writing for grants from international and national donors.

<sup>18</sup>Rent and utilities are 2,000 zlotys per month or \$580. Multiplied by 12, the annual rate is \$6960.

<sup>19</sup>These "other expenses" were not specified in the Agency's accounting system, but can include expenses such as purchasing and upgrading equipment (computers and related equipment), and repairs to the building following two robberies in 1997.

Wage subsidies for the three Agency staff are being reduced by the local labor office to 40 percent (from 100 percent), so the Agency will be required to pay 60 percent of the salary plus social security taxes or lay off the workers.<sup>20</sup> In 1997, the wage subsidy amounted to \$12,000; the Agency will have to pay \$7,200 of these salaries in the future.

The Agency has attempted to charge a fee to employers for their job placement services, but this has not proven fruitful: large employers have their own labor exchange offices, and small employers say they do not have enough money to pay for the service.

According to Director Jurkowska, unemployment in Gdansk has fallen to 2.3 percent. Because of this low unemployment rate, the local labor office has fewer training tenders, and the municipal government (one of the Agency's donors) is less interested in providing funding.

Changes in the Agency's services or marketing plans must be decided by the board, and none are currently being discussed.

## **6. Lessons Learned**

The agency was begun by an independent NGO and had none of the problems of ownership and management from Washington the construction centers experienced (see Polish-American Building Craft Training Centers case study). The Agency and its board were able to control the Agency from the beginning.

After two years, the Agency is still dependent on international funding and sees itself as continuing to rely on grants rather than managing entirely on the basis of its training revenue.

### **Agency for the Promotion of the Professional Employment of Women**

Ewa Jurkowska, Director

80-852 Gdansk, ul. Dyrekcyjna 5

48-58-305-23-26 telephone

48-58-305-22-44 fax

Served: 247 (first half of 1998)

<http://www.apzk.com.pl>

DOL Funding: \$300,000

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<sup>20</sup>The Agency currently pays no social security taxes for the wage subsidy workers.

## **APPENDIX C**

### **Construction Crafts Skills Training Centers in Gdynia and Warsaw Polsko-Amerykanske Centrum Szkolenia Budowlanych**

Gdynia/Gdansk:

Roman Schefke  
Dyrektor Generalny  
Fundacja Gospodarcza  
NSZZ “Solidarnosc”  
Waly Piastowskie 24  
80-855 Gdansk

Warszawa:

Agata Drozd  
Asystentka Administratora  
Polsko-Amerykanske  
Centrum Szkolenia Budowlanych  
Oddzial Fundacji Gospodarczej  
NSZZ “Solidarnosc”  
ul. Nasielska 50  
04-343 Warszawa

#### **1. History and background**

The Polish economy experiences a structural shortages of housing over the past decades and still does. The severe dip of the Polish economy in the first years of transition 1989-1992 did not help to improve on the shortages. Poland needs to invest in housing construction and infrastructure. The Polish construction sector was using antiquated production techniques. The workforce lacked skills and work attitudes were different from what foreign construction companies involved in construction investment would expect. Expecting an increase in construction investment in Poland it seemed obvious to train more construction workers and to improve the skills of those working in the construction trade.

The United States Department of Labor in cooperation with the Building and Construction Trade Unions (BCTU) of AFL-CIO and NSZZ Solidarnosc reached an agreement with the Polish Ministry of Labor and Social Policy in June 1991 to establish a model Polish-American Training Center for construction crafts skills. Initially the center was located in a facility provided by the Polish government. At a later stage the Polish government decided it wanted the facility for another use. Consequently another property was leased in the Praga district of Warsaw and a suitable building was constructed with the assistance of AFL-CIO. The official Grand Opening took place in June 1991 and was attended by the then Secretary of Labor, Ms. Elisabeth Dole.

The first trainees were enrolled in May 1991. In 1993 a second center was opened in Gdynia (Gdansk region). Here the physical location was a long-term, low cost lease by the Gdynia local government. The facility was renovated and equipped. First trainees enrolled in May 1993. The Grand Opening took place in September 1993.

## **2. Governance structure**

In the start-up phase (1991-1993) and the implementation phase (1993-1997) the centers were managed locally but there was also much micro-management from the US by the Building and the Construction Trade Unions (BCTU). (?). This management from a distance probably explains why the road to self-sustainability (see below) is not as smooth as might have been hoped initially. It has always been a key objective of both centers to establish self-sustainable, indigenous construction craft training centers.

## **3. Funding, Income and Expenditures**

The Centers have been funded through a grant arrangement between US DOL and the Building and Construction Trade Unions (BCTU). As of 1998 they face the challenge of self-sustainability.

At the end of 1997 the cost per trainee is on average \$ 558 for Praga-Warsaw and \$ 355 for Gdynia-Gdansk. Cost differences are presumably due to differences in the composition of the trainee backgrounds and of courses offered (?). The Praga-Warsaw center has approximately and \$ 396,000 annual budget and the Gdynia center has a \$ 247,000 annual budget. For the Praga center roughly 36% comes from USDOL subsidies whereas in the Gdynia center over 60% is coming directly from USDOL. The rest (64% in Praga and 40% in Gdynia) is coming from trainees fees and other sources of income.

The centers employ each the same number of personnel: 16 persons each. These persons have earnings level twice the size of average Polish earnings (?).

The steadiest source of income are the training fees received for each unemployed referred by the local labor office. The centers increasingly pursue agreements with construction companies to provide training for them at a fee.

## **4. Training and other services**

The prime objective of the Centers, furnished with American tools and equipment, is to provide training for workers in six basic building crafts to enable them to become bricklayers, ironworkers, plumbers, electricians, carpenters and roofers. The courses are given by Polish instructors who themselves attended training courses in the USA. Courses aim at training highly qualified workers and familiarize them with modern tool, the latest equipment and safety requirements. Training programs consist of both theory classes (including the use of modern audio-visual techniques) and practical hands-on training in workshops and on construction sites.

The training objective of the centers is to provide trainees with skills that make them competitive



in the modern Polish construction industry. The center should supply the construction industry with craftsmen fully trained in the use of contemporary construction equipment and technology to help modernize the Polish construction sector.

A full range of construction skills is provided. Training is both on a theoretical and a practical level using actual material and equipment. Enrolled are trainees with and without prior work experience. Those with no experience take a four month apprentice-type course. Trainees with previous job experience in the construction sector take four- to six-week upgrading courses. The curriculum includes small business promotion courses.

Over the period 1991-1997 both centers combined have turned out 3,947 trainees: 1,947 in Warsaw and 2000 in Gdynia. The employability rate of trainees are high: 80% for Praga-Warsaw and 87% for Gdynia-Gdansk. The skill standards taught to the trainees are relatively high in the Polish context and the trainees have hardly any problems to find a job. One would also expect positive spill over effects from their skills on the techniques and equipment used on Polish construction sites. A number of them have successfully set up their own business and even employ other graduates.

## **5. Future and self-sustainability**

In 1998-1999 both centers face the challenge to become self-sustainable. This is problematic for two reasons. Firstly, the building boom which was expected at the start of the training centers has not materialized and hence it is not clear whether construction craft training provides in an urgent need. Secondly, the centers aimed at a quality level of training comparable to the US level, which is a commendable objective, but nevertheless generates high operating costs (instructor salaries, material costs) putting the costs of training in the centers at the high end of the distribution and hence is difficult to maintain in a competitive training environment.

The USDOL phase out strategy assumed that 1998 will be the last year of direct funding for the centers. However sustainability seems problematic and hence USDOL has requested/might request additional funds to continue to support the centers through September 1999.

The training centers have been turned over from AFL-CIO to the Economic Foundation of Solidarnosc. At September 30, 1998 the centers should be financially independent from American subsidies. When Solidarnosc took over the financial situation was problematic and conflict based. The conflict was between management and crew and was there from the beginning. Income from the training center covered only 30% of the expenses, leaving a gap of 70% to be covered by Solidarnosc. There are three reasons for this financial unhealthy situation. First the wages paid to instructors at the training center were much higher than the market wage in Poland. Second, there was excess staffing. Third when the sectors were set up it was expected of instructors to provide training in at least two skills (the views of DOL and AFL-CIO differed in this respect). Instructors should provide cross-skill training. In practice however instructors mostly taught only one skill.

To solve these problems Solidarnosc decided to restructure through liquidation . When taking over Solidarnosc created a different legal entity, discontinued the employment of all instructors and rehired on completely new rules. Previous instructors were laid off with a severance pay of half a year's worth of wages. Newly hired instructors should have minimal secondary education and at least 5 years of experience. They were hired on a probation period first. Salaries were reduced from the previous level. The present salaries are still relatively high. For instance a school teacher makes around 800-900 zloty a month (which is an above average wage) and the new instructor would still make two thirds more. Solidarnosc hired 6 new instructors (none of the 15 previous instructors applied under the new conditions). At the moment (July 1998) the restructuring through liquidation had only taken place at the Gdynia training center. Similar plans had been made for the Praga center but had not been executed yet because of disagreement.

The structure in Gdynia is now: one director and one vice director, one coordinator and 6 instructors. After the restructuring of the organization and the reduction of wage costs the income of the centers now covers 70% of costs and hence Solidarnosc has to cover only 30% of the cost after the end of September this year.

## **6. Lessons Learned**

The AFL-CIO helped with the development of a building craft center in Gdynia and Praga-Warsaw. The idea was admirable and the training quality was high, but the timing was wrong. There is not enough demand for construction workers in those areas. In Gdynia unemployment was 14.5% at the end of 1992 but has come down to 2.3% since then. At this moment the labor market in the Gdynia area approaches a situation of excess-demand and has tendencies of becoming overheated.

According to Michael T. Waske, Solidarity Center AFL-CIO, the future of the training center in Gdynia depends very much on the planned construction of two major highways: the North-South and the East-West toll-way. Especially the North-South highway is important for the survival of the Gdynia training center. Roman Schefke of Solidarnosc in Gdansk who is responsible for the training center is pessimistic about the planned highway coming in time to save the training center. The future of the centers is still touch and go. It is not certain whether they will survive.

To conclude, the lessons to be learned from the construction craft training centers have positive and negative elements. On the positive side there are:

- the high quality of the craft training incorporating the latest skills in the building sector;
- because the skills that were taught and the materials and the equipment used were all up-to-date it can safely be assumed that graduates would create positive spill-over for other construction workers and for techniques used at Polish construction sites.
- a number of trainees started their own companies which had positive effects on job creation for themselves and their employees

On the negative side are:

- in the initial and implementation stage the micro management from across the ocean by American managers. This has lead to a lack of adaptability and sensitivity to the specific requirements of the Polish training and construction sector;
- a clear example of the previous point are the fairly high wage levels of the instructors compared to what is commonly earned in the Polish training and construction sector, which lead to unrealistic high cost levels for the training centers, creating hard times on the road to self-sustainability;
- the choice of the building for the training center in the Praga area in Warszawa makes future expansion impossible because of building constraints
- the construction skill centers were build expecting initially lots of work in the construction sector. These expectations did not materialize. At present the centers are expecting a substantial demand for their trainees from the highway construction plans. Again it is not certain whether these plans will be executed.